

# INDIA

## QUICKSIGHTS REPORT FIFTH ANNUAL FII TRACKER SURVEY

Conducted August-December 2017

June 2018

# UNDERSTANDING FINANCIAL INCLUSION

## What is financial inclusion?

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (*The World Bank*). Financially included individuals are those who have an account in their name with a full-service financial institution.

## How is it measured?

We measure financial inclusion as the percentage of adults (15+ years old) who report having at least one account in their name with an institution that offers a full suite of financial services, and comes under some form of government regulation.

## How is it created?

Financial inclusion is created through the uptake and use of individual accounts with institutions that offer a full suite of financial services – savings, credit, money transfers, insurance and investment. Full-service financial institutions include banks, mobile money service providers, and nonbank financial institutions, such as deposit-taking microfinance institutions (MFIs) and financial cooperatives.

## What institutions and services do not count?

Individuals who own accounts with institutions that are not full service, such as credit-only microfinance institutions (MFIs), are not considered financially included. Individuals who do not have their own full-service account or use someone else's account are not considered financially included. Individuals who only use services such as money guards, savings collectors, and digital recharge cards that are not attached to a bank or MFI account are also considered financially excluded.

## KEY DEFINITIONS

**Access to a bank** – Counts individuals who use a full-service bank account either registered in their name or held by someone else.

**Access to mobile money or an NBF** – Counts individuals who have ever used a mobile money service or a full-service NBF.

**Access & trial** – Counts individuals who have a bank account registered in their name or use a bank account that is registered to someone else, or have ever used a mobile money service, or have ever used a full-service NBF.

**Active registered user** – An individual who has an account registered in their name with a full-service financial institution and has used it in the last 90 days.

**Advanced user** – An active registered user who has ever used their account for saving, borrowing, insurance, investment, paying bills or receiving wages or government benefits. Buying airtime top-ups is considered an advanced use of a bank account or NBF account but not a mobile money account.

**Airtime** – Minutes of talk time available on a mobile phone. Airtime top-up (adding minutes) is a basic mobile money activity, but is considered an advanced bank or NBF activity.

**Basic use** – Cash-in (deposit) or cash-out (withdraw), transfer money to another individual, or conduct account maintenance.

**Below the poverty line** – In this particular study, adults living on less than \$2.50 per day in 2005 purchasing power parity U.S. Dollars, as classified by the [Poverty Probability Index](#).

**Confidence interval (95%)** – The range of values within which the observed value of a statistic will be found in 95 out of 100 repeat measurements.

**Cooperative** – Typically, a business or other professional organization that is owned and run jointly by its members, who share profits or benefits. Cooperatives may release some of the profits/funds as loans to its members.

**Credit-only nonbank financial institutions** – Financial institutions that only disburse loans to their customers and are therefore not considered full service.

**Customer journey** – A series of progressive stages through which individuals become more active users of more sophisticated financial services.

**Digital financial inclusion** – Counts individuals who have an account in their name with a full-service financial institution that offers digital services (e.g., online account access, debit/ATM card, credit card, electronic cash transfers).

**Digital financial services (DFS)** – Financial services provided through an electronic platform (e.g., mobile phones, debit or credit electronic cards, internet).

**Digital stored-value account** – A mobile money account or a full-service bank or NBF account that offers digital services.

**Financial inclusion** – Individuals who hold an account with an institution that provides a full suite of financial services and comes under some form of government regulation.

**Financial literacy** - Basic knowledge of four fundamental concepts in financial decision making (interest rates, interest compounding, inflation, and risk diversification) as measured by the Standard and Poor's Rating Service's Global Financial Literacy Survey.

**Full-service financial institutions** – Financial institutions that offer loans to their customers and at least one of the following additional services: savings, money transfers, insurance, or investments.

**Microfinance institution (MFI)** – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.

**Mobile money (MM)** – A service that allows a mobile phone to be used for storing and transferring money, and potentially accessing other financial services.

**Nonbank financial institution (NBF)** – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the country. Such financial institutions include microfinance institutions (MFIs), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs), etc.

**Numeracy** - The ability to use basic math skills, including counting, addition, division, multiplication and computing short- and long-term interest rates.

**Post Office (Savings) Bank** – A bank that offers savings and money transfers and has branches at local post offices.

**Poverty Probability Index (PPI)** – A measurement tool wherein a set of country-specific survey questions are used to compute the likelihood that an individual's income is below a specific threshold.

**Registered user** – Counts individuals who have a financial account registered in their name or registered jointly in their and someone else's name.

**Savings and credit cooperative (SACCO)** – A self-help group owned and managed by its members. Its main purpose is to build up funds through regular contributions by each member, with the aim of providing affordable credit and collective investments.

**Unregistered/over-the-counter (OTC) user** – An individual who has used a financial service through someone else's account, including a mobile money agent's account or the account of a family member or a neighbor.

**Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

**Value-added services** – These are non-core financial services that go beyond the standard services provided by financial institutions.

## ABOUT THE SURVEY

- Fifth survey (Wave 5) conducted from Aug. 10, 2017, to Dec. 5, 2017. Surveys measure national trends on key indicators of financial inclusion since 2013.
- Target population: Adults aged 15+ residing in households. The state of Jammu & Kashmir, and the Union Territories of Andaman & Nicobar, as well as Lakshadweep, were excluded from the survey.
- Sampling frame: List of all villages and towns based on the 2011 census.
- Sample design: Stratified multistage cluster sample of 47,132 adults designed by InterMedia in collaboration with Market Xcel Data Matrix Pvt. Ltd:
  - Stratification based on five town classes and three village classes;
  - First stage: Random selection of villages (806) and towns (142);
  - Second stage: Selection of wards in sampled towns;
  - Third stage: Selection of one polling station per sampled ward;
  - Fourth stage: Selection of 10 households per sampled ward and village;
  - Fifth stage: Selection of one adult member per household using the Kish grid.
- Face-to-face interviews administered at the household using tablet computers.
- Sampling weights: Design weight based on the probability of selection for each stage of sampling, adjusted for non-response at the household and household member levels. Sampling weights normalized at the national level so that the weighted number of cases equals the sample size.
- Weights used to make inferences about the target population (15 years old and over) at the national level and for urban and rural populations separately. Weighted percentages are reported together with unweighted respondent counts.

**2017: National demographics**  
 (Shown: Percentage of India adults, N=47,132)

Demographic characteristics	Percentages
Male	52
Female	48
Urban	32
Rural	68
Above the \$2.50/day poverty line	39
Below the \$2.50/day poverty line	61
Age: 15-24	21
25-34	25
35-44	21
45-54	15
55+	18
Basic literacy	64
Basic numeracy	90

## COUNTRY CONTEXT

Financial inclusion has expanded greatly, and digital financial services are being vigorously promoted through the Jan Dhan-Aadhaar-Mobile (JAM) trinity. Introduced in 2015, JAM is the [government's key initiative](#) to improve the delivery of government benefits and services to the rural poor by integrating the Pradhan Mantri Jan-Dhan Yojana (PMJDY) scheme to expand access to bank accounts, the Aadhaar biometric identification initiative, and digital service delivery via mobile technology. In 2017, Finance Minister Arun Jaitley said the goal of JAM is [to link 1 billion Aadhaar ID numbers to 1 billion bank accounts and 1 billion mobile phones](#).

- PMJDY has played a crucial role in expanding bank account ownership to previously unbanked adults. The challenge now is encouraging active use of accounts and meaningful engagement with the financial system amid high levels of account [dormancy and inactivity](#).
- Aadhaar numbers – unique national ID numbers linked to a centralized biometric database – are being [linked to all other mobile and financial accounts](#) following the requirements of the Aadhaar Act passed by the Parliament of India in 2016. The Supreme Court is reviewing challenges to the law, and an [interim verdict extended the deadline](#) after which unlinked accounts will be blocked. However, individuals who receive government subsidies and benefits were required to link their accounts by the original March 31, 2018, deadline to continue receiving those benefits.

**Demonetization drove greater engagement with formal financial institutions in 2017.** At 12 a.m. on Nov. 9, 2016, the Indian government, without advanced warning, invalidated existing 500 and 1,000 rupee notes and replaced them with new 500 and 2,000 rupee notes. It created a cash shortage, as individuals scrambled to exchange banknotes at banks and Post Office banks.

- [Six months after demonetization](#), InterMedia evaluated the impact of the policy on financial inclusion by re-interviewing a panel of 1,600 individuals who were first interviewed in the month before Nov. 9, 2016. The study found that, after demonetization, account ownership increased across all demographics, especially among women and rural adults.
- After demonetization, [20 million \(2 crore\) zero-balance savings accounts were opened under PMJDY](#) through February 2017. Demonization also [increased the number of taxpayers](#) by over 30 percent.

**The Government of India and private organizations continue to make a concerted effort to promote DFS-ecosystem growth.**

- In 2017, the Government of India launched Cashless India, as a component of the Digital India initiative, a program designed to raise awareness and increase use of cashless transactions. It currently [promotes 10 different cashless payment modes](#), including banking cards, the United Payments Interface (UPI), mobile wallets, pre-paid cards, digital banking, and more.
- [UPI has benefited from demonetization](#), as online transactions increased 192% between April and November 2017 compared to the same period in 2016.
- [Paytm, India's largest e-wallet and e-commerce company, launched Paytm Payments Bank](#) in partnership with the government in November 2017. Different from standard banks, payments banks are savings banks that allow customers to make deposits of up to 100,000 rupees (or \$1,540). They offer remittance services and zero-balance accounts, do not charge for digital services, and include free RuPay debit/ATM cards. However, they do not offer loan services.

## NOTABLE STATISTICS

Driven by demonetization, financial inclusion increased by 15% of the adult population from 2016 to 2017, reaching 78% of adults 15+ years old (approximately 759 million people).

- New registered bank users, many of whom opened PMJDY accounts, were the main source of growth in financial inclusion. PMJDY account holders grew from 13% to 22% of adults from 2016 to 2017.
- While still only 2% of the adult population in 2017, registered mobile money users increased more than 4X compared to 2016. The proportion of NBFIs account holders was statistically unchanged from 2016 to 2017.
- Registered inactive users were nearly one-quarter of the population (24%) in 2017, showing that engagement with financial services still lags behind account registration.

**Reported phone and SIM card ownership -- key indicators of readiness to adopt DFS -- bounced back after dropping in 2016 with the government's announcement of the requirement to link Aadhaar cards with phone numbers.**

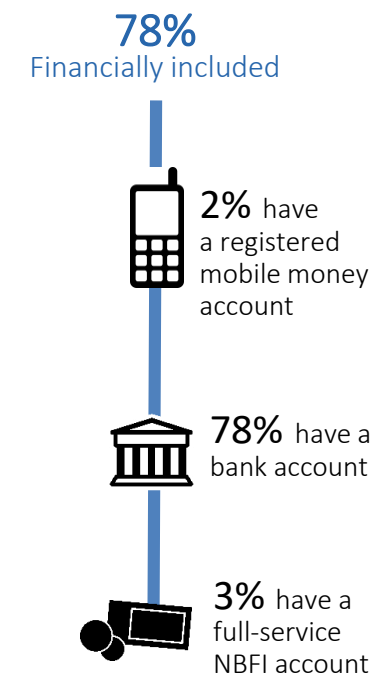
- Reported SIM card ownership grew by 35 percentage points from 2016 to 2017 after most of the population complied with new registration requirements using Aadhaar. Individual phone ownership has become the norm, and 60% of adults reported owning their own phone in 2017. Phone borrowers were 20% of adults, and an additional 20% still do not have access to a mobile phone.
- Ability to send text messages – a key proxy indicator of capability to use mobile financial services – increased by 12 percentage points.

**Demonetization policy continues to affect India's financial landscape.** Despite the cash shortage, nearly 60% of adults agreed that demonetization was a necessary step to combat "black money" hidden from tax collectors. Over half (52%) of adults reported increased trust in the Government of India, and 48% reported greater trust in banks after demonetization.

- Mobile money awareness grew significantly to 18% in 2017, compared to only 8% in 2016. Mobile wallet providers such as Paytm and UPI gained a boost from demonetization, but only 5% of adults reported they adopted digital financial services (DFS) as a means of coping with the cash shortage.

Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

**2017: Financial Inclusion\***  
 (Shown: Percentage of India adults, N=47,132)

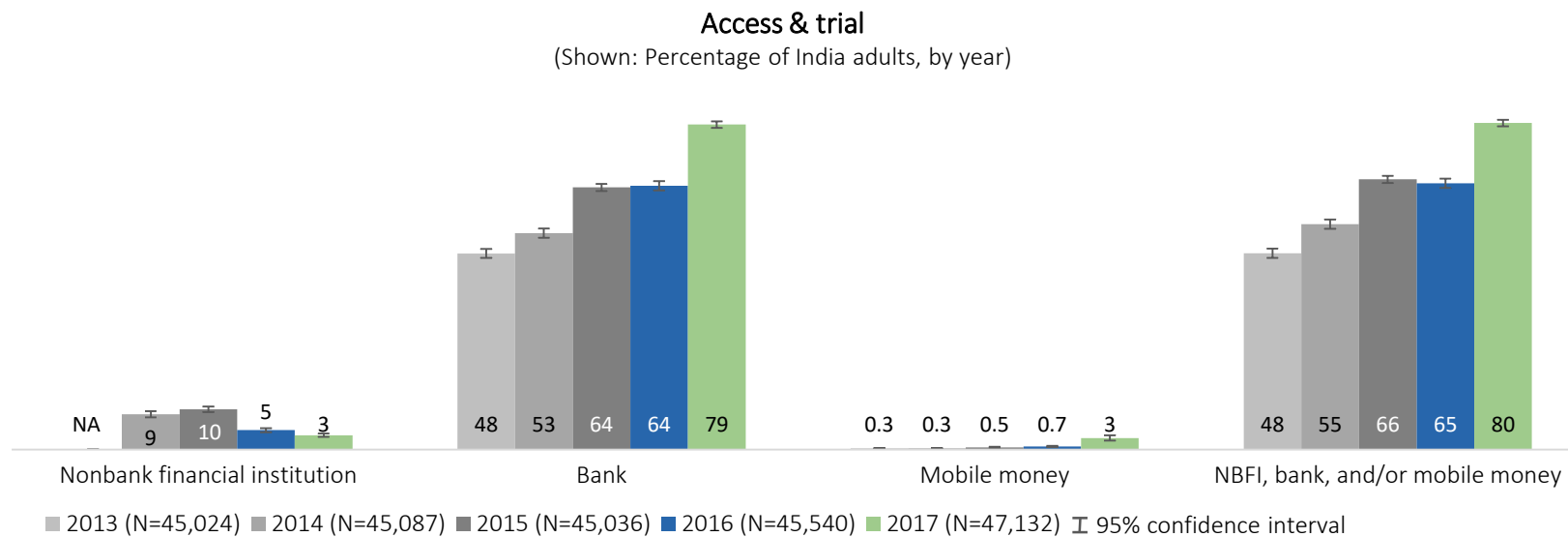


\*Overlap representing those who have multiple kinds of financial accounts is not shown.

# ACCESS & TRIAL OF FINANCIAL SERVICES

- After registering no change from 2015 to 2016, the percentage of adults who accessed formal financial institutions increased significantly from 65% in 2016 to 80% in 2017. The increase was driven by banks, access to which increased from 64% in 2016 to 79% in 2017.
- Unlike the growth in bank access, the proportion of adults who accessed full-service NBFIs decreased by 2 percentage points, from 5% in 2016 to 3% in 2017.
- Mobile money access, however, increased significantly from less than 1% in 2016 to 3% in 2017.

**Increased access was driven by India's demonetization policy**, which required use of formal financial institutions—mainly banks—to exchange 500 and 1,000 rupee notes for new legal tender notes.



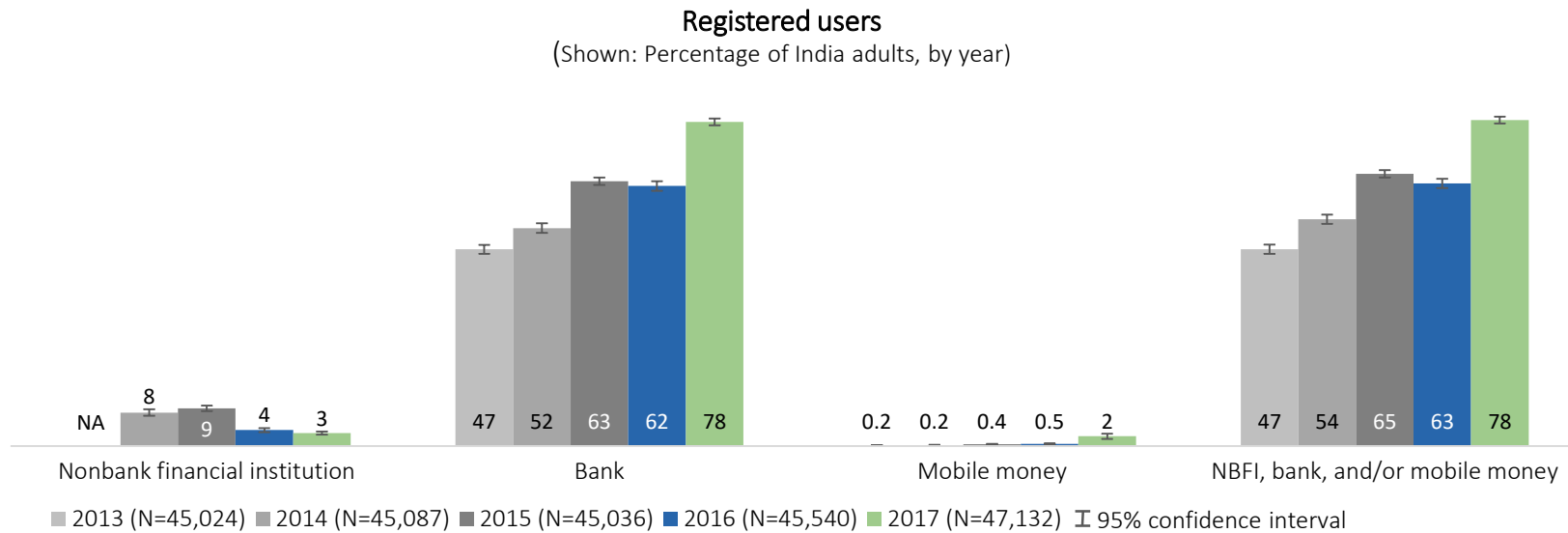
Source: InterMedia India FII Tracker surveys, Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015; Wave 4 (N=45,540, 15+), September 2016-January 2017; Wave 5 (N=47,132, 15+), August-December 2017.



# REGISTERED USERS (FINANCIAL INCLUSION)

- From 2016 to 2017, registered account holders of any formal financial service increased by 15 percentage points, from 63% to 78%. Nearly all individuals who accessed a financial institution (see previous slide) had a registered account, mainly with one or more banks. Bank dominance grew as the downtrend in NBFIs registered users continued, accounting for only 3% of adults in 2017.
- From 2013 to 2016, growth in registered users of mobile money was stagnant, however, from 2016 to 2017, the proportion of adults with a registered mobile money account increased significantly from 0.5% of adults to 2%.

**26 percentage-point** increase in bank account holders since PMJDY was launched in 2014.



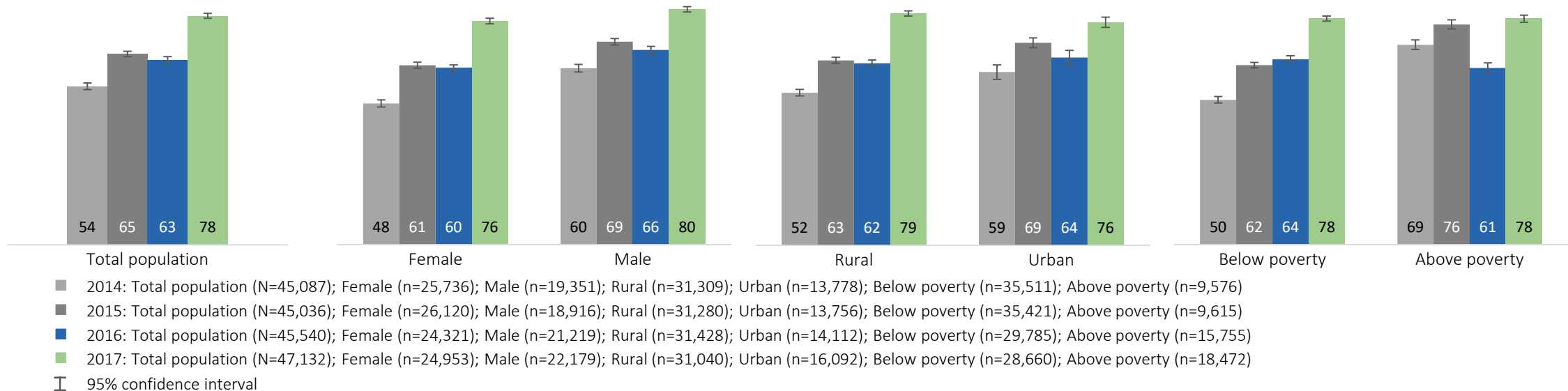
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# FINANCIAL INCLUSION TREND, BY DEMOGRAPHIC GROUP

- Driven from the top down by government initiatives such as PMJDY and demonetization, financial inclusion has increased across all population demographics. One of PMJDY’s goals was to provide more brick-and-mortar banks in rural areas to reach unbanked populations. Every year since the program began implementation in 2014, the financial inclusion gap between rural and urban adults diminished, and in 2017 the gap was reversed such that financial inclusion is now more prevalent among rural than urban adults. The income gap was eliminated in 2017.
- The gender gap in financial inclusion among registered users of financial accounts has decreased steadily, from 12 percentage points in 2014 to only 4 percentage points in 2017.

**Registered users, by demographic group**  
 (Shown: Percentage of each demographic group who are registered users, by year)

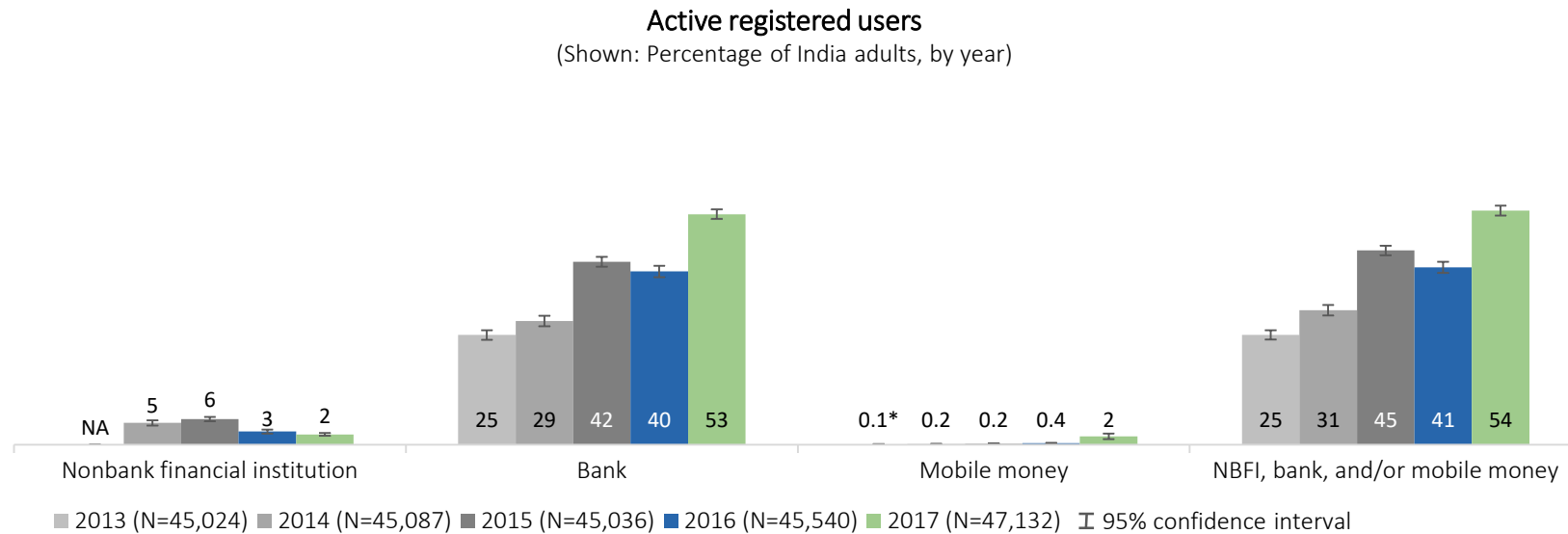


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# ACTIVE REGISTERED USERS

- Demonetization spurred a significant increase in active users; [research by the Reserve Bank of India](#) showed that [demonetization boosted bank deposits](#), leading to greater use of accounts for cash management. Active registered users of formal financial accounts grew by 13 percentage points, from 41% of adults in 2016 to 54% in 2017.
- The number of active NBFIs users did not change in 2017, after dropping from 6% to 3% between 2015 and 2016. Mobile money active users grew by small but significant numbers, from less than 1% in 2016 to 2% in 2017.

Between 2013 and 2017, **active users of bank accounts more than doubled** – from 25% to 53%.



\*Fewer than 50 observations

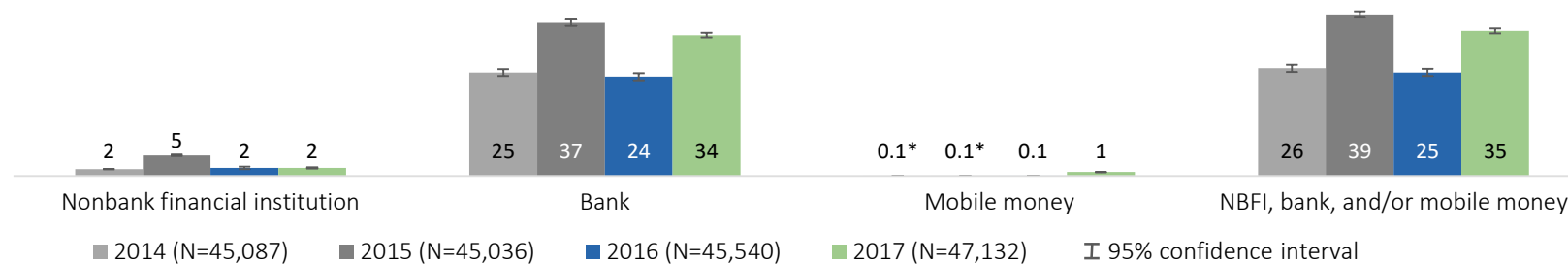
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# ADVANCED USERS

- The proportion of adults who are active users of registered accounts and accessed an advanced service, such as savings, insurance, bill pay, or investment increased from 25% in 2016 to 35% in 2017. This increase returned the advanced active user indicator to nearly the same level observed in 2015.
- Nearly all advanced active users used a bank account. However, from 2016 to 2017, advanced mobile money users registered statistically significant growth, rising to 1% of the population.

**A surge in online transactions following demonetization helped boost the number of mobile money advanced users in 2017.**

**Advanced active registered users**  
 (Shown: Percentage of India adults, by year\*\*)



\*Fewer than 50 observations

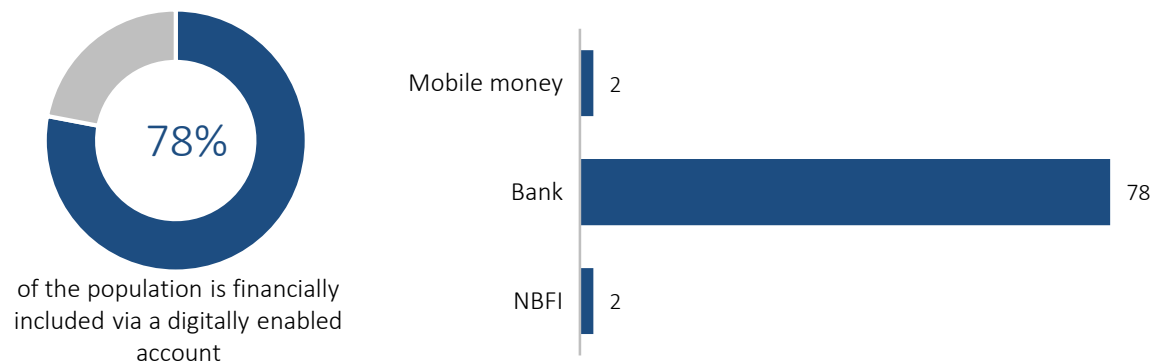
\*\*2013 definition of advanced users is not comparable with later years

Source: InterMedia India FII Tracker surveys, Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015; Wave 4 (N=45,540, 15+), September 2016-January 2017; Wave 5 (N=47,132, 15+), August-December 2017.

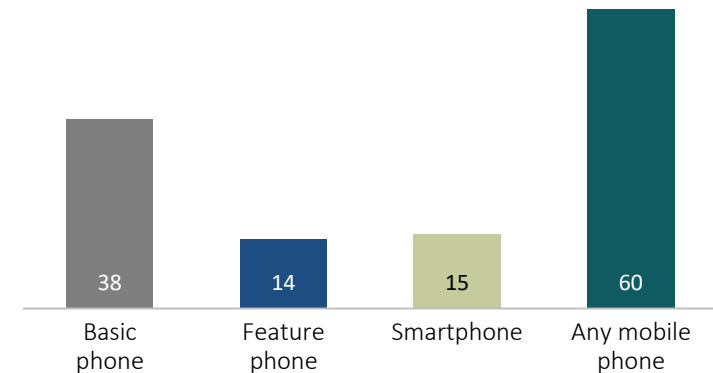
# DIGITAL FINANCIAL INCLUSION

- Seventy-eight percent of adults are digitally included. In India, digital inclusion counts all individuals who own bank accounts because all bank accounts offer digital features, such as debit cards and electronic transfers. Awareness and use of digital features is, however, much lower than total supply.
- Six in 10 adults (60%) own a mobile phone – most own a basic phone (38%), followed by smartphones and feature phones. An additional 20% borrow or share a phone.

**2017: Digital financial inclusion by service type**  
 (Shown: Percentage of India adults, N=47,132)



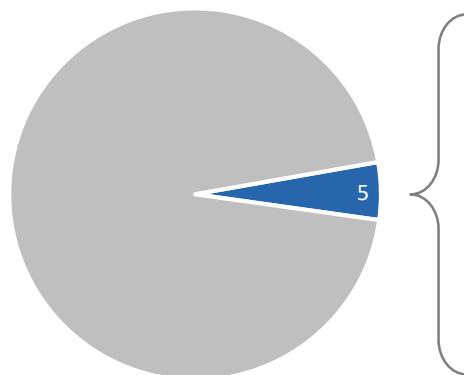
**2017: Mobile phone ownership**  
 (Shown: Percentage of India adults, N=47,132)



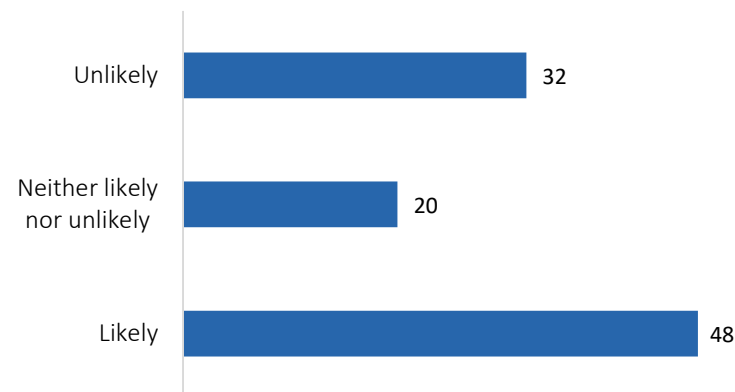
# ADOPTION OF DIGITAL SERVICES AND PAYMENTS BANKS

- Adoption of DFS and payments banks is still low in India, but uptake was boosted by 5% of adults who reported adopting DFS during the demonetization period. Among those who did adopt DFS, nearly half (48%) said they were likely to continue using DFS for at least three more months.
- Payments banks were first licensed under the PMJDY scheme in 2015, and their rollout started in 2017. At the time of the FII survey, less than 10% of the population was aware of payments banks, and just over 1% had a registered payments bank account.

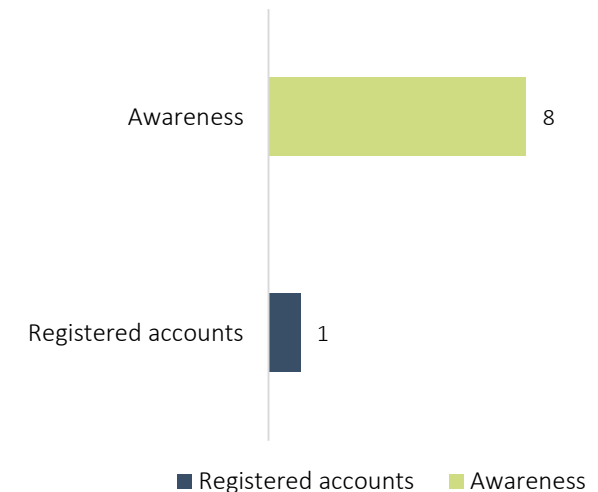
**2017: DFS adoption due to demonetization**  
 (Shown: Percentage of India adults, N=47,132)



**2017: Likely to continue using DFS for the next three months**  
 (Shown: Percentage of India adults who adopted DFS during the cash crisis, n=2,412)



**2017: Awareness and ownership of payments bank accounts**  
 (Shown: Percentage of India adults, N=47,132)



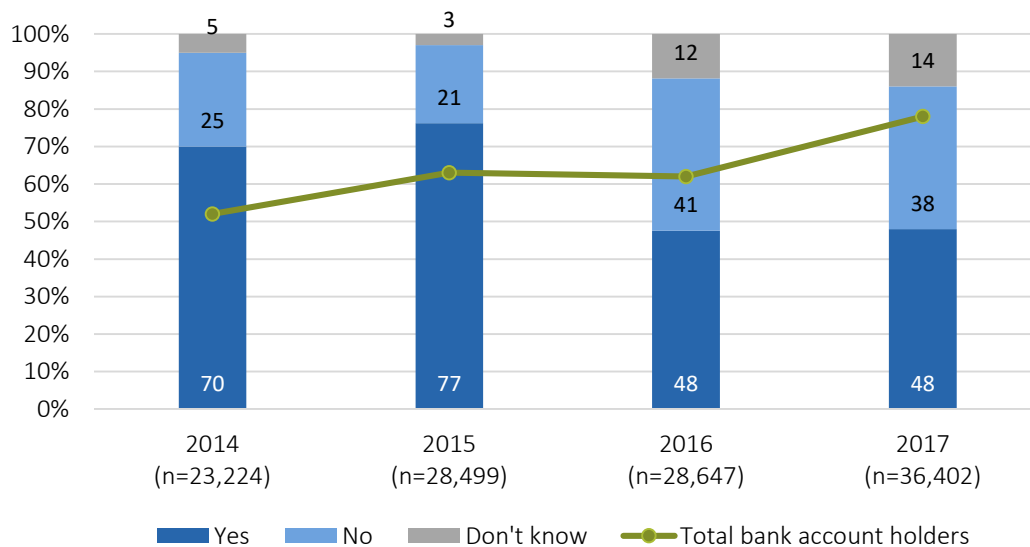
Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

# SELF-REPORTED DIGITAL STORED-VALUE ACCOUNTS

- All banks in India offer digital features such as electronic money transfers, credit cards, debit/ATM cards, and/or a mobile phone app or website, but only 48% of bank account holders were aware of these features in 2017, down from 77% in 2015. The inclusion of more of the rural and below-poverty population has reduced the proportion of registered bank users who are aware of digital features.
- The regression findings depicted in the chart on the right show lower odds of awareness of digital features among rural, female, 35+ years old, and below-poverty adults compared to their urban, male, under-35, and above poverty counterparts. Any level of formal education increases the odds of digital awareness compared to no education, with higher education showing the greatest predictive power.

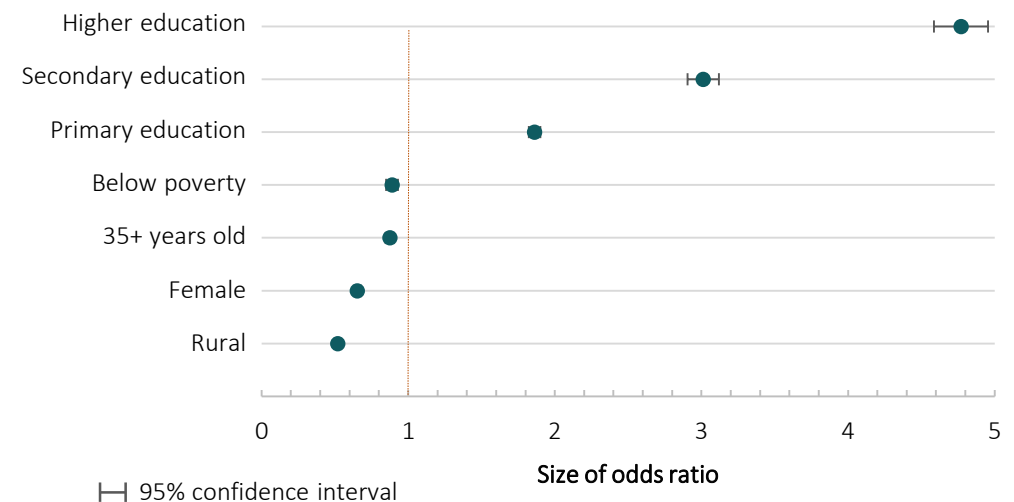
**Bank account holders reporting any digital feature, by year**

(Shown: Percentage of bank account holders in each year)



**2017: Odds of being aware of digital features supplied by banks**

(Shown: Odds ratios from a multivariate logistic regression of demographic characteristics on awareness of digital features among registered bank users, n=36,402)



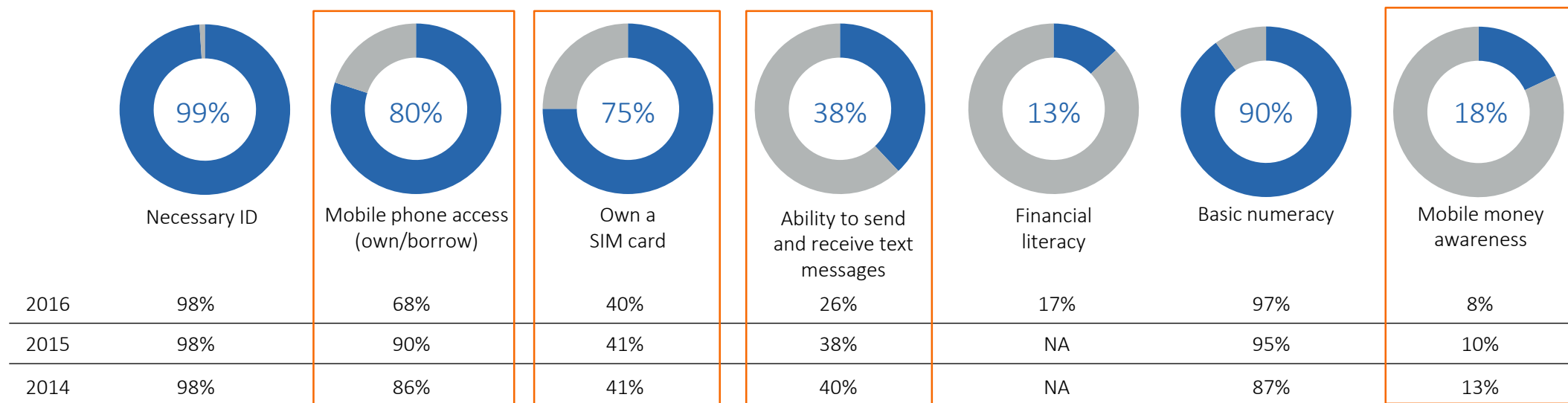
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# READINESS TO ADOPT DIGITAL FINANCIAL SERVICES

- Aadhaar numbers are nearly universal among adults, fulfilling the prerequisite for the digital financial inclusion of the entire population.
- SIM card ownership surged by 35 percentage points from 2016 to 2017 as individual phone numbers were linked to Aadhaar.
- Mobile phone access rose by 12 percentage points from the low point seen in the 2016 survey, which was precipitated by the announcement of the new requirement to link all phones to Aadhaar. In 2016, those who had not yet linked their phone numbers were less likely to report owning a personal phone.

## 2017: Key indicators of readiness to adopt digital financial services

(Shown: Percentage of India adults, N=47,132)



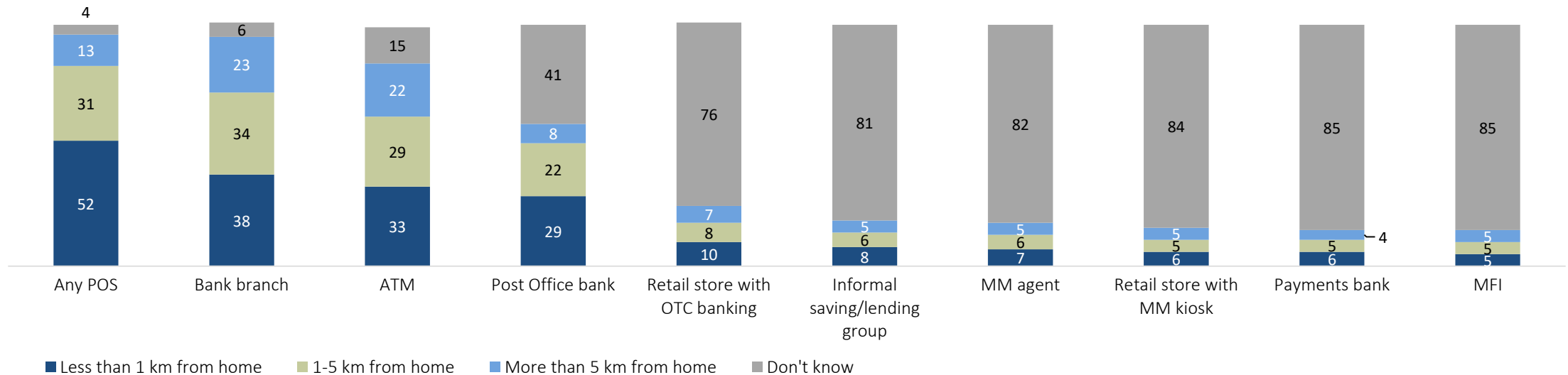
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# GEOGRAPHICAL ACCESS TO FINANCIAL SERVICES

- Government initiatives to increase the areas served by banks have met with considerable success. In 2017, the large majority (83%) of adults knew of a financial point-of-service (POS) within five kilometers of their households, and 52% knew of a POS within one kilometer, including 38% who knew of a bank branch.
- Digital points-of-service, including mobile money agents or kiosks and payments banks were rarely reported within five kilometers of a household. A large majority (82%) did not know of distances to a mobile money agent.

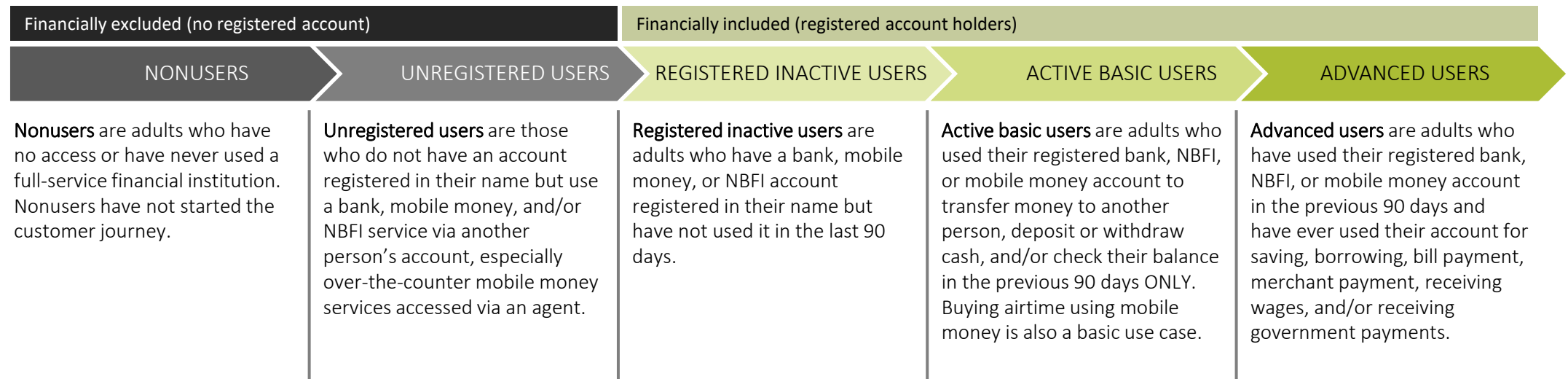
**2017: Proximity to points-of-service (POS) for financial institutions**  
 (Shown: Percentage of India adults, N=47,132)



Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

# CUSTOMER JOURNEY THEORY OF CHANGE

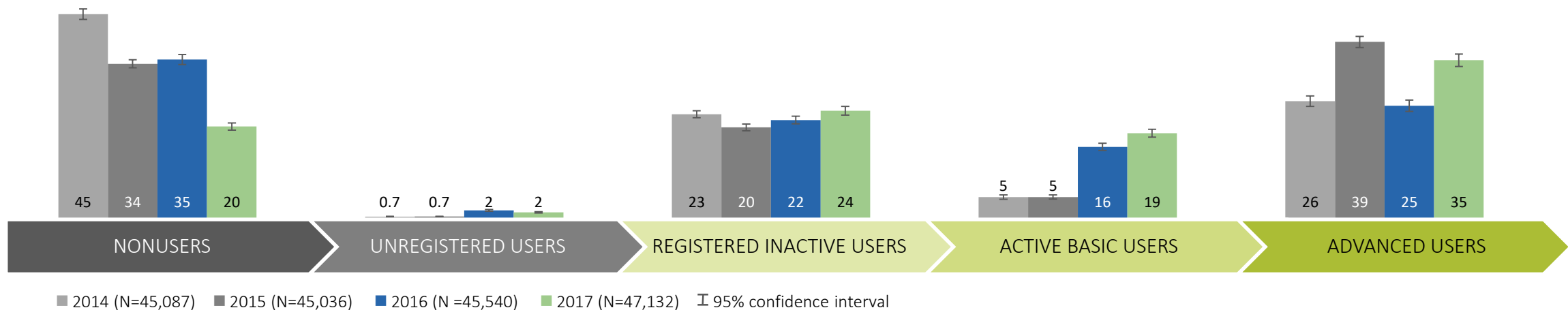
- Financial inclusion may be conceived as a process through which an individual’s needs are met by advancing step-by-step towards increasingly active engagement with a growing range of financial services. The customer journey theory of change posits that advancement on the journey leads to gains in human welfare.
- Understanding how individuals and groups advance on the customer journey is useful for developing strategies and interventions to assist more individuals to become users of the financial services that best meet their needs.
- Five major segments of the population on the customer journey are described below. Each group is mutually exclusive of the others. The population shifts between these groups as more individuals make progress on the customer journey.



# CUSTOMER JOURNEY TREND

Overall, **nonusers** have been declining since 2014. Driven by demonetization, this group dropped by 15 percentage points in 2017 after showing no statistical change from 2015 to 2016. **Unregistered users** (who use an account belonging to someone else) were only 2% of the population in 2017. The **registered inactive user** group has included at least 20% of adults since 2014, which shows that active use continues to lag behind account registration. **Active basic users** grew from 16% to 19% between 2016 and 2017, as demonetization prompted individuals to use bank accounts to exchange banknotes. This segment has grown the most, by 14 percentage points, since 2014. **Advanced users**, who use their accounts to save, pay bills, receive government benefits, or other use cases beyond cash management, rebounded to 35% of the population in 2017, after dropping by 14 percentage points in 2016.

Change over time in each segment of the customer journey for all financial institutions  
 (Shown: Percentage of India adults, by year)

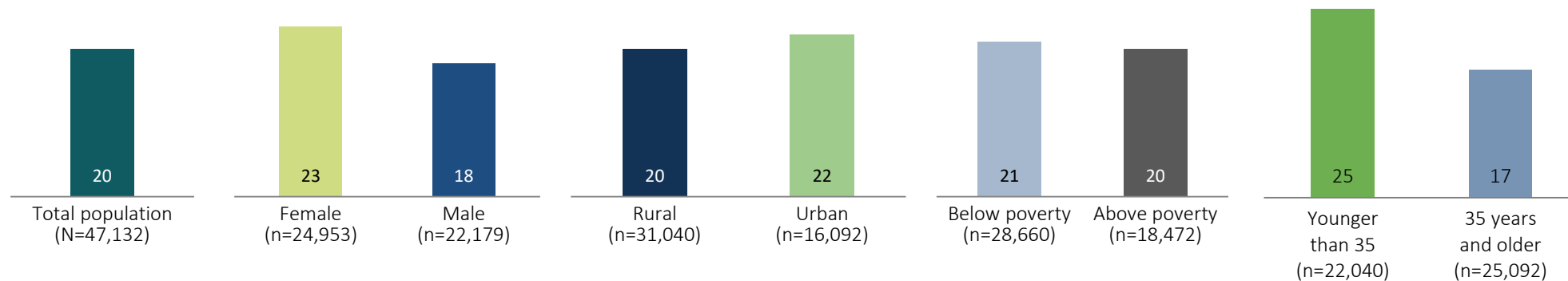


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# NONUSERS, BY DEMOGRAPHIC GROUP

- In 2017, one in five adults were still nonusers of formal financial services.
- Nonusers were more common among women and the under-35 age group than they were among men and adults aged 35 and older. There was little disparity between the prevalence of nonusers among urban versus rural or above- versus below-poverty demographic groups.

**2017: Nonusers, by demographic group**  
 (Shown: Percentage of each demographic group who are nonusers)



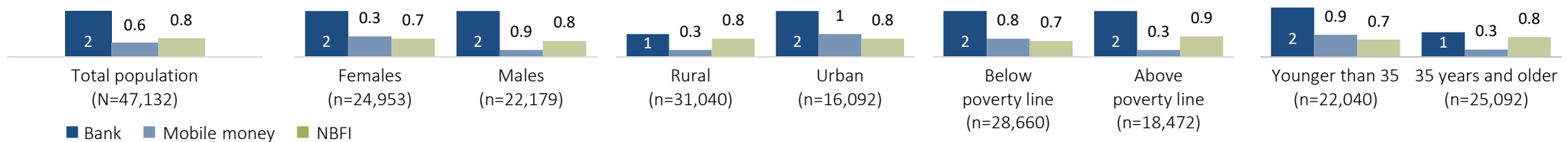
Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

# UNREGISTERED USERS, BY DEMOGRAPHIC GROUP

- The government of India’s financial inclusion initiatives have successfully promoted the adoption of formal financial accounts that are registered individually or jointly; very few adults are unregistered users who access financial institutions but do not own an account. In 2017, 2% of adults accessed bank services via an account that belongs to someone else.
- Unregistered users of mobile money and NBFIs were each less than 1% of the population in 2017.

## 2017: Unregistered users, by demographic and service type

(Shown: Percentage of each demographic group who are unregistered users of each type of institution)

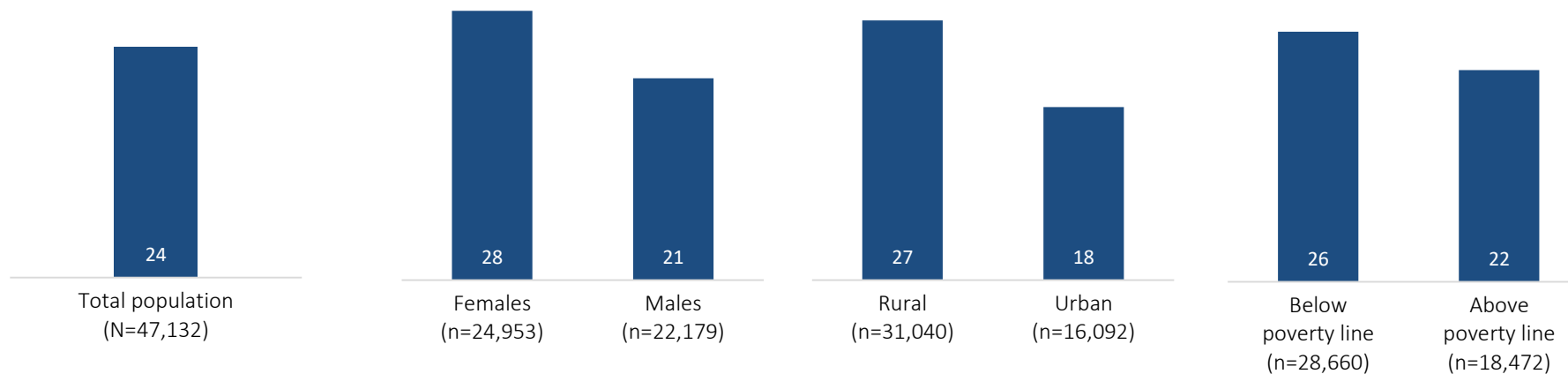


Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

## DEMOGRAPHICS OF REGISTERED INACTIVE USERS

- While the number of registered bank accounts overall increased, nearly a quarter of the population did not use their account in the 90 days preceding the survey. Inactive users are nearly all bank account holders – less than 1 percent (not shown) of NBFIs or mobile money registered users are inactive.
- Inactive users form a greater proportion of the female, rural, and below-poverty demographic groups than the male, urban, and above-poverty groups.

**2017: Inactive users of registered bank accounts, by demographic**  
 (Shown: Percentage of each demographic group who are registered inactive bank users)



**7 percentage point** greater proportion of unregistered users among women versus men.

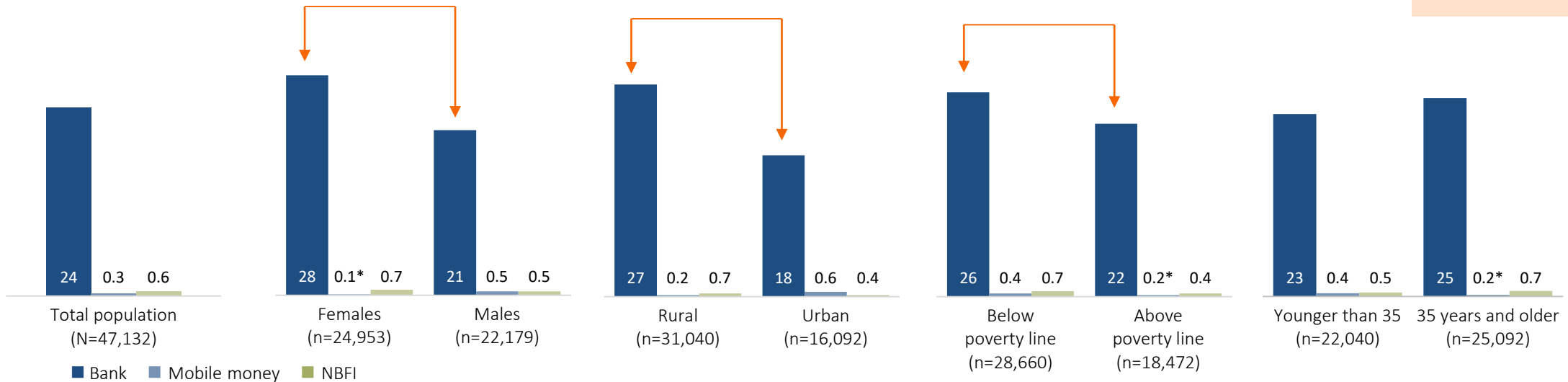
**9 percentage point** greater proportion of unregistered users among rural versus urban residents.

# REGISTERED INACTIVE USERS, BY DEMOGRAPHIC GROUP

- While the number of registered bank accounts overall increased in 2017, nearly a quarter of the population did not use their account in the 90 days preceding the survey. Nearly all inactive users were bank account holders – less than 1% of NBFi or mobile money registered users were inactive.
- In 2017, inactive users were more common among women, rural, and below-poverty adults than among men, urban, and above-poverty adults.

**Inactive users** of bank accounts were more frequently found in the underprivileged demographic groups.

**2017: Inactive users of registered financial accounts, by demographic and service type**  
 (Shown: Percentage of each demographic group who are registered inactive users of each type of institution)



\*Fewer than 50 observations

Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

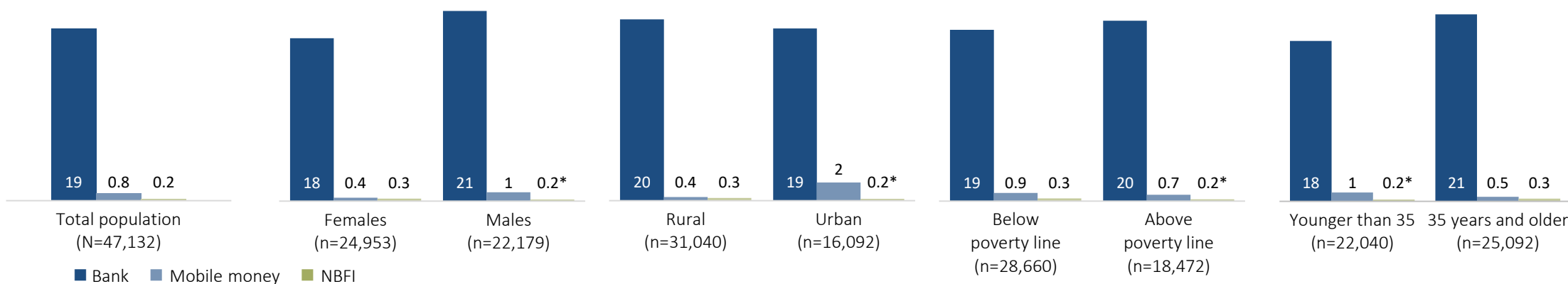


# ACTIVE BASIC USERS, BY DEMOGRAPHIC GROUP

- In 2017, 19% of adults were active basic bank users – those who used their accounts only for deposits and withdrawals in the 90 days prior to the survey. Less than 1% of adults were active basic users of mobile money or NBFi accounts.
- A larger proportion of men than women were active basic bank users. There was no difference between the proportion of active basic bank users in the below- versus the above-poverty demographic groups, or in the rural-urban segments.

Among bank users, **3 percentage-point gaps** remain between gender and age groups.

**2017: Active basic users of registered financial accounts, by demographic and service type**  
 (Shown: Percentage of each demographic group who are active basic users of each type of institution)



\*Fewer than 50 observations

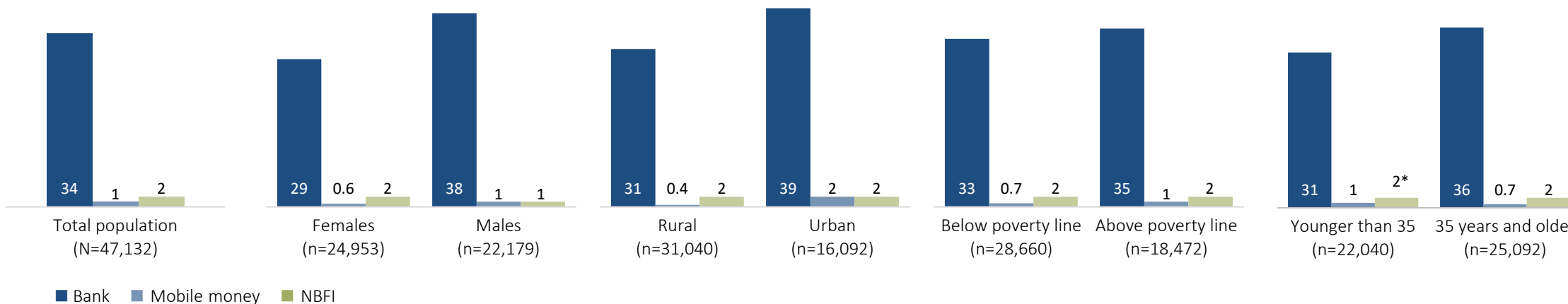
Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

# ADVANCED USERS, BY DEMOGRAPHIC GROUP

- In 2017, 34% of the population were advanced bank users, meaning they used their accounts within 90 days of the survey and performed at least one advanced financial activity such as saving or receiving wages.
- Advanced bank users are more common among men, urbanites, and above-poverty adults than among their female, rural, and below-poverty counterparts.
- Mobile money and NBFi advanced users make up 1% and 2% of the population, respectively.

**9 percentage-point** gender gap;  
**8 percentage-point** locality gap;  
**2 percentage-point** income gap;  
**5 percentage-point** age gap  
 among advanced bank users.

**2017: Advanced users, by demographic**  
 (Shown: Percentage of each demographic group who are advanced users of each type of institution)



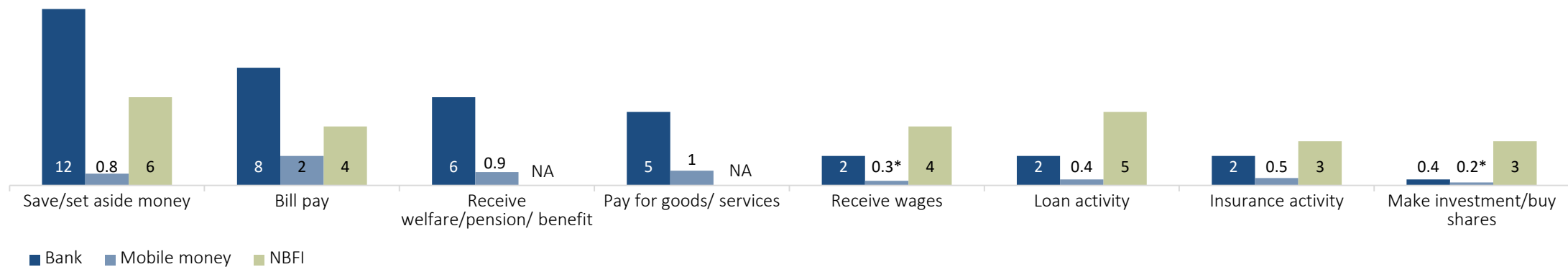
\*Fewer than 50 observations

Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

# ADVANCED USER 90-DAY ACCOUNT ACTIVITIES

- The most common bank account activities of advanced users in the 90 days preceding the survey were saving, paying bills, receiving government benefits, and/or purchasing goods and services, in that order. Two percent or fewer advanced users reported receiving wages, taking or servicing a loan, paying insurance premiums, or making an investment via their bank accounts.
- Advanced users of mobile money most frequently used their accounts for paying bills in the 90 days prior to the survey.
- Advanced users of NBFIs actively used their accounts for a wide range of advanced activities. NBFIs users are, however, only 2% of the adult population, which suggests that banks should be the focus of effort to expand the uptake of advanced use cases.

**2017: Advanced users’ account activities in last 90 days, by activity and institution**  
 (Shown: Percentage of advanced users, n=16,174)



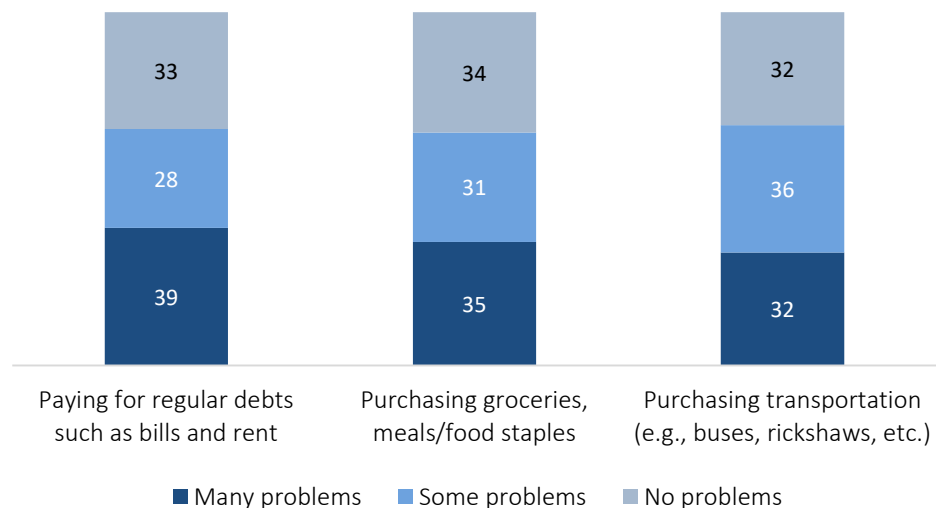
\*Fewer than 50 observations

Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

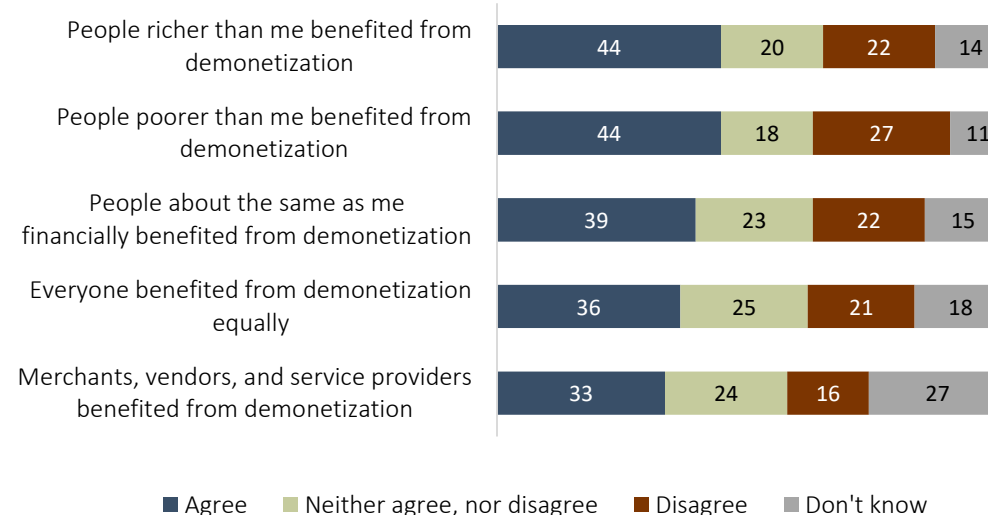
# DEMONETIZATION – DISRUPTION AND BENEFICIARIES

- Demonetization of the 500 and 1,000 rupee notes in late 2016 resulted in cash shortages, long lines at banks and ATMs, and restrictions on daily withdrawal amounts. Approximately two-thirds of the population reported experiencing problems during this period with meeting daily expenses, such as paying bills and rent, and purchasing groceries and transportation.
- Demonetization was generally seen as either beneficial or neutral; a plurality of adults (44%) agreed that people both richer and poorer than themselves benefited from demonetization, and far fewer disagreed.
- Only one in three adults (33%) thought that merchants and service providers benefited from the policy.

**2017: Disruptions caused by cash crisis**  
 (Shown: Percentage of India adults, N=47,132)



**2017: Opinions on beneficiaries of demonetization**  
 (Shown: Percentage of India adults, N=47,132)



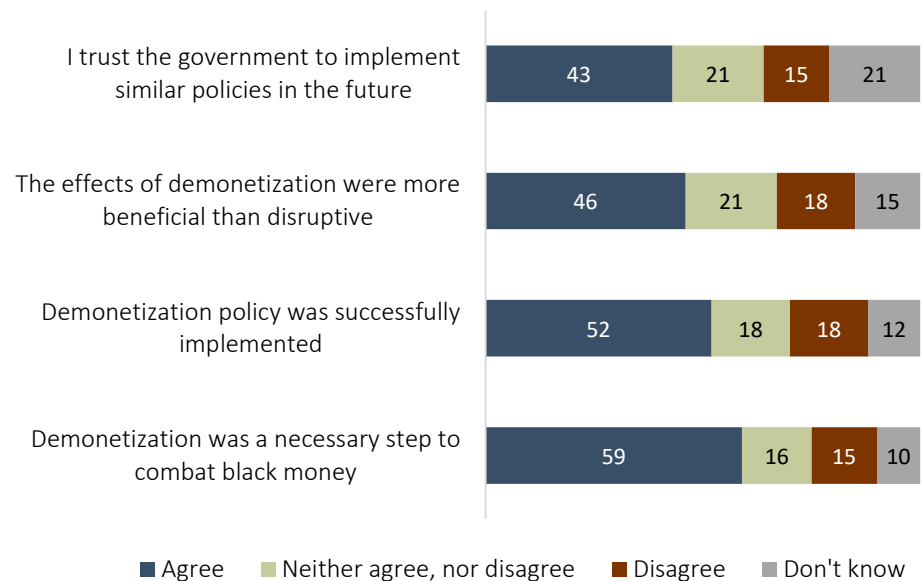
Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

# DEMONETIZATION – ATTITUDES AND PERCEPTIONS

- Over half of the population (59%) agreed that demonetization was necessary to combat “black money” hidden from tax collection, and that the policy was successfully implemented (52%).
- Other opinions were more mixed; less than half of adults (46%) perceived the demonetization policy as more beneficial than disruptive and fewer (43%) would trust the government to implement similar policies in the future.
- Increased trust in the government and banks was reported by 52% and 48% of adults, respectively, because of demonetization.

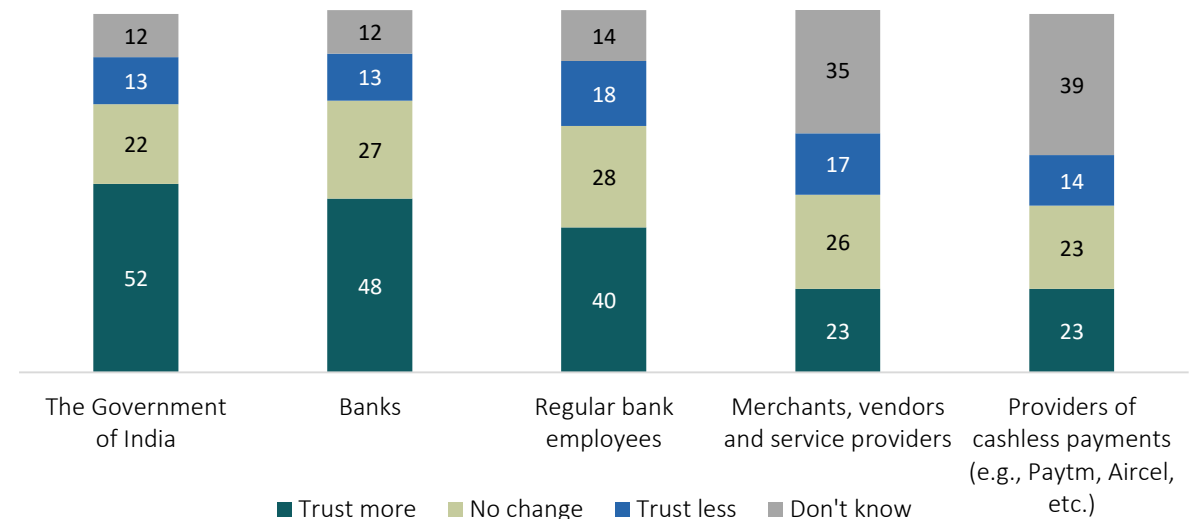
**2017: Perceptions of demonetization policy**

(Shown: Percentage of India adults, N=47,132)



**2017: Trust in institutions following demonetization**

(Shown: Percentage of India adults, N=47,132)



Source: InterMedia India FII Tracker survey, Wave 5 (N=47,132, 15+), August-December 2017.

## KEY INDICATORS SUMMARY

Key Indicators	2014	2015	2016	2017	Base Definition
	%, Base n	%, Base n	%, Base n	%, Base n	
Adults (15+) who have active digital stored-value accounts	22% (+/- 1.2%)	34% (+/- 1.2%)	22% (+/- 1.2%)	54% (+/- 1.1%)	All adults
	45,087	45,036	45,540	47,132	
Poor adults (15+) who have active digital stored-value accounts	17% (+/- 1.0%)	29% (+/- 1.0%)	21% (+/- 1.3%)	52% (+/- 1.1%)	All poor
	35,511	35,421	29,785	28,660	
Poor women (15+) who have active digital stored-value accounts	12% (+/- 1.0%)	24% (+/- 1.1%)	16% (+/- 1.2%)	46% (+/- 1.2%)	All poor females
	20,691	20,949	16,043	15,337	
Rural women (15+ ) who have active digital stored-value accounts	12% (+/- 0.8%)	23% (+/- 1.0%)	13% (+/- 0.9%)	46% (+/- 1.0%)	All rural females
	17,759	18,027	16,808	16,715	
Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	20% (+/- 1.2%)	31% (+/- 1.2%)	15% (+/- 1.1%)	34% (+/- 1.4%)	All adults
	45,087	45,036	45,540	47,132	
Poor adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	15% (+/- 1.0%)	25% (+/- 1.0%)	14% (+/- 1.1%)	33% (+/- 1.4%)	All poor
	35,511	35,421	29,785	28,660	
Poor women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	11% (+/- 0.9%)	21% (+/- 1.0%)	10% (+/- 0.9%)	28% (+/- 1.3%)	All poor females
	20,691	20,949	16,043	15,337	
Rural women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	11% (+/- 0.8%)	21% (+/- 1.0%)	9% (+/- 0.7%)	28% (+/- 1.2%)	All rural females
	17,759	18,027	16,808	16,715	

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFi account with digital access (a card, online access or a mobile phone application) and a mobile money account.

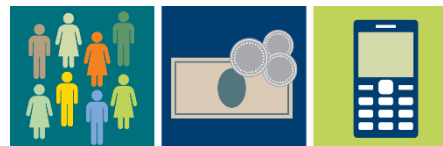
## PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely, demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team conducts regular survey and qualitative research in [Bangladesh](#), [India](#), [Indonesia](#), [Kenya](#), [Nigeria](#), [Pakistan](#), [Tanzania](#) and [Uganda](#) to:

- [Track access to and demand](#) for financial services generally, and the uptake and use of DFS specifically;
- [Measure adoption and use](#) of DFS among key target groups (females, BOP, rural, unbanked, etc.);
- [Identify drivers and barriers](#) to further adoption of DFS;
- [Evaluate the agent experience](#) and the performance of mobile money agents; and
- [Produce actionable, forward-looking insights](#) to support product and service development and delivery, based on rigorous FII data.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: [www.finclusion.org](http://www.finclusion.org).





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The Financial Inclusion Insights program is operated by InterMedia and supported by the Bill & Melinda Gates Foundation. All data and materials resulting from the program are the property of the Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the foundation.



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